

Message Text

CONFIDENTIAL

PAGE 01 BANGKO 17409 041308Z

45

ACTION EB-06

INFO OCT-01 EA-06 ISO-00 SSO-00 L-01 SS-15 NSC-05 NSCE-00

CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-05 NSAE-00

RSC-01 FAA-00 IO-04 INRE-00 /046 W

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O 041141Z NOV 74

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC IMMEDIATE 8063

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E.O. 11652: GDS

TAGS: EAIR, TH

SUBJECT: CIVAIR: US-THAI NEGOTIATIONS - SITREP

1. DEVELOPMENTS TO DATE REFLECT A MOST DIFFICULT AND FRUSTRATING ATTITUDE ON THE PART OF THE THAIDEL. EACH US CONCESSIONS HAS BEEN MET BY AN ESCALATED DEMAND WHICH PROVIDES THE NEW LEVEL FOR THE DISCUSSIONS. WHENEVER WE INDICATE A RELUCTANCE TO MEET THAI DEMANDS WE ARE ACCUSED OF HAVING A "BAD ATTITUDE" AND CHARGED WITH FULL RESPONSIBILITY FOR ANY EVENTUAL BREAKDOWN IN THE TALKS. NOW SEEMS A GOOD TIME TO TAKE STOCK AND ATTEMPT TO DETERMINE WHAT THE THAIS ARE REALLY AFTER AND HOW BEST WE CAN DEAL WITH THE SITUATION.

2. THAI TACTICS SO FAR HAVE APPEARED TO BE CONSIST WITH ANY OF THE FOLLOWING THAI GAME PLANS:

A. TO MAXIMIZE POTENTIAL AVIATION GAINS NOW BEFORE THAI CARRIERS ESTABLISH A HIGHER EARNINGS BASE UNDER THE AGREEMENT AND BEFORE ANY REDUCTION DUE TO PAA/TWA DEAL BECOMES APPARENT.

B. TO UTILIZE THE US AS THE WHIPPING BOY TO DEAL WITH THE INTERNAL STRUGGLE BETWEEN THAI INTERNATIONAL AND AIR SIAM. COMMUNICATIONS MINISTRY ANTIPATHY FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BANGKO 17409 041308Z

AIR SIAM IS WELL KNOWN AND UNDER SECRETARY SIRILAK HAS

BEEN THE TARGET OF FREQUENT PRESS ATTACKS BY AIR SIAM. WHILE SIRILAK MAY NOT BE POWERFUL ENOUGH TO CANCEL AIR SIAM PERMIT, HE MAY FORCE USG TO DO THIS FOR HIM BY RETALIATING AGAINST AIR SIAM FOR THE EXPECTED THAI CRACK-DOWN ON US CARRIERS SHOULD THE CURRENT TALKS FAIL. SIRILAK, WHO IS REPORTED TO BE INFLUENTIAL IN THAI INTERNATIONAL AFFAIRS, WOULD GAIN ON TWO FRONTS BY THIS RESULT. HE WOULD GET AIR SIAM OUT OF THE US MARKET AND HOPEFULLY OUT OF THE THAI SCENE ALTOGETHER; AT THE SAME TIME HE WOULD LESSEN THE COMPETITIVE THREAT OF US CARRIERS AGAINST EVENTUAL LARGER SCALE THAI INTERNATIONAL SERVICES TO THE US.

C. A THIRD POSSIBILITY WOULD INVOLVE ELEMENTS OF BOTH SUB PARAS A AND B ABOVE. IF SIRILAK ACHIEVES AN AVIATION SETTLEMENT WITH THE US INVOLVING LARGE GAINS FOR THE THAIS, HIS POSITION ON THE THAI SCENE IS SUBSTANTIALLY STRENGTHENED GIVING HIM A BETTER POWER BASE TO DEAL WITH AIR SIAM. IF THE TALKS FAIL AND HE CAN BLAME US INTRANSIGEANCE; HE CAN PROCEED TO TAKE A CRACK AT THE US CARRIERS WITH RESULTING RETALIATION IMPACT ON AIR SIAM.

3. HOW CAN WE DEAL WITH THIS SITUATION? IF THIS ANALYSIS IS CORRECT, THAI NEGOTIATORS WILL NOT SETTLE FOR COMPROMISE. EVEN IF WE WERE TO GIVE THEM TOKYO-GUAM CLEAN THEY MAY STILL INSIST ON OPEN BEYONDS OR ESTABLISH "RECIPROCAL" LIMITATIONS ON THE US SIDE. MOREOVER, ALL EVIDENCE SO FAR POINTS TO THAI INSISTENCE ON CONTINUED UNILATERAL CAPACITY RESTRICTIONS. HOWEVER, IF WASHINGTON IS PREPARED ULTIMATELY TO CONCEDE TOKYO-GUAM WITHOUT RESTRICTIONS, WE MIGHT TRY AS A FIRST OPTION AN ALL-OR-NOTHING PROPOSAL INVOLVING THE CONCESSION OF GUAM-TOKYO IN RETURN FOR THE REST OF THE DEAL AS WE WANT IT, I.E. NO ROUTE RESTRICTIONS ON US AND A REASONABLE CAPACITY REGIME FOR BOTH PASSENGER AND CARGO. THE DIFFICULTY WITH THIS APPROACH IS THAT, IF IT FAILS, WE HAVE NOWHERE ELSE TO GO AND WOULD BE AT THE BREAKDOWN POINT IN THE TALKS.

4. A SECOND OPTION IS TO STICK ESSENTIALLY WHERE WE ARE AT THE MOMENT, CONTINUING TO TRADE PROPOSALS ON ROUTES AND CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BANGKO 17409 041308Z

CAPACITY IN ORDER TO KEEP THE DIALOGUE GOING AT LEAST FOR THE NEXT FEW DAYS. THE OBJECTIVE WOULD BE TO ALLOW THIS ROUND SIMPLY TO PETER OUT WITHOUT ANY DIRECT CONFRONTATION ON EITHER ISSUE. A RECESS OF THE TALKS UNTIL THE FEBRUARY/MARCH 1975 TIME FRAME COULD BE JUSTIFIED ON THE NEED TO KNOW MORE PRECISELY WHAT US LONG TERM NEEDS IN THAILAND WILL BE AS A RESULT OF THE PAA/TWA DEAL, AS WELL AS TO GIVE GOVERNMENTS AN OPPORTUNITY TO REVIEW

FULLY THE DEVELOPMENTS OF THE CURRENT ROUND. OF COURSE, WE RECOGNIZE THAT TO RECESS THE TALKS WITHOUT A CONFRONTATION AND WITHOUT A THAI ACCUSATION THAT WE HAVE SABOTAGED THE TALKS WILL NOT BE EASY BUT OUR RECORD HERE SHOULD GIVE THE EMBASSY A GOOD CASE FOR FIGHTING AGAINST ANY FURTHER RESTRICTIONS.

5. A THIRD OPTION WOULD BE TO INFORM THE THAIS THAT WE HAVE NOW GONE AS FAR AS WE CAN AND LET THE CHIPS FALL WHERE THEY MAY. THIS WILL PROBABLY STIMULATE THE RESULTS DISCUSSED IN SUB PARAGRAPH 1 B. ABOVE.

6. UNDER ALL THE CIRCUMSTANCES THE USDEL LEANS TOWARD THE SECOND OPTION AS THE LEAST PAINFUL WAY OUT. DELAYING TACITCS, IF SUCCESSFUL, WILL PERMIT A REEVALUATION OF THE SITUATION AFTER THE RESULTS OF THE PAA/TWA DEAL ARE KNOWN AND AFTER THE ESTABLISHMENT OF A NEW GOVERNMENT. SUCH TACTICS ACCCOMPANIED BY A COMMITMENT TO RESUME IN 90-120 DAYS WILL MAKE IT DIFFICULT FOR THE COMMUNICATIONS MINISTRY EITHER TO HAVE THE AGREEMENT TERMINATED OR FURTHER RESTRICTIONS APPLIED. IF WASHINGTON AGREES WITH THIS APPROACH WE WILL NEED SPECIFIC ADVICE ON THE RESPONSE TO MAKE TO THAI DOCUMENTS 4 AND 5 BY OPENING OF BUSINESS HERE TUESDAY.

7. OUR SUGGESTION WOULD BE TO RESPOND INITIALLY BY ACCEPTING THE SAME BLIND SECTOR RESTRICTIONS AS WE HAVE PROPOSED FOR THAIS, NAMELY, TOKYO-GUAM EN ROUTE TO BANGKOK, TAHITI-BANGKOK AND WESTERN HEMISPHERE LESS CANADA-BANGKOK. WE COULD FALL BACK TO A SET OF BLIND SECTORS WHICH WOULD INCLUDE TAHITI-BANGKOK, MANILA-BANGKOK AND AFRICA-BANGKOK. RE CAPACITY RESTRICTION WE COULD PROPOSE AS AN INITIAL POSITION THE RETENTION OF EXISTING PASSENGER QUOTAS AND THE ELIMINATION OF ALL FREIGHTER LIMITATIONS, FALLING
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 BANGKO 17409 041308Z

BACK LATER ON THE FREIGHTER RESTRICTIONS.

8. AMBASSADOR'S COMMENT:

POSTPONEMENT OF TALKS ONLY POSTPONES THE PROBLEM TO A NEW GOVERNMENT WHICH MAY WELL BE MORE DIFFICULT TO DEAL WITH THAN THE PRESENT ONE.

I AM SEEKING AN URGENT MEETING WITH THE FOREIGN MINISTER BEFORE HE LEAVES FOR A VISIT TO LAOS AT NOON ON WEDNESDAY (NOVEMBER 6), AND INTEND EXPRESS MY DISAPPOINTMENT WITH COURSE OF TALKS. I WOULD LIKE TO ASK HIM INFORMALLY IF THE IMPASSE CAN BE OVERCOME BY A U.S. CONCESSION OF TOKYO-GUAM WITHOUT RESTRICTIONS AND A RECIPROCAL RTG AGREEMENT TO RESTORE PANAM'S SUSPENDED FLIGHTS AND MUTUALLY-AGREED ON CAPACITY

LIMITATIONS, INCLUDING FREIGHT. THIS IS THE MINIMUM PRICE OF A SUCCESSFUL AGREEMENT WHICH I BELIEVE WE SHOULD BE WILLING TO PAY BOTH FOR REASONS OF OUR GENERAL DIPLOMATIC POSITION IN THAILAND AND FOR RETENTION OF OUR ACCESS TO ONE OF THE MOST LUCRATIVE AIRLINE MARKETS IN ASIA.

SUSPENSION OF TALKS, WITH LIKELY RECRIMINATION, COULD HAVE DELETERIOUS IMPACT OUR IMAGE HERE DURING PRE-ELECTION PERIOD. IT WOULD BE PREFERABLE TO WORK OUT AGREEMENT NOW. AN EX CATHEDRA APPROACH MIGHT BE MORE REWARDING THAN TO HOPE FOR AGREEMENT BETWEEN TWO DELEGATIONS.
PLEASE ADVISE FOR MY ATTENTION IMMEDIATE NIACT.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, NEGOTIATIONS, POLITICAL SITUATION, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BANGKO17409
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740315-0669
From: BANGKOK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741175/aaaacljk.tel
Line Count: 182
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 31 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 JUL 2002 by kelleyw0>; APPROVED <25 MAR 2003 by SmithRJ>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-THAI NEGOTIATIONS - SITREP
TAGS: EAIR, TH
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005